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Title of Hearing:
Subcommittee on Select Revenue Measures
Hearing on Certain Expiring Tax Provisions
April 26, 2012

TO: House Ways and Means Committee

Having worked for many years to establish smaller wind systems with Midwestern farms, businesses, municipalities and schools I submit the following logical reasons in support of immediate extension of the § 48 ITC election through 2016:

1. "Distributed wind" involves the use of typically smaller wind turbines at homes, farms, businesses, and public facilities (such as schools, municipal buildings), to off-set all or a portion of on-site energy consumption as well as projects with local ownership, also known as "community" wind.
2. Distributed wind enhances U.S. energy security and is a dynamic and growing segment of the renewable energy industry. Numerous, smaller wind turbines serve to "bolster up" the distribution grid "backbone".
3. Deployment of distributed wind power can reduce the need for new centralized generation and transmission facilities, with local investors helping drive localized employment and economic benefits.
4. Unlike large utility-scale projects distributed wind projects often rely heavily on the Investment Tax Credit (ITC) to finance their projects and installation. Why? Because many Renewable energy investors cannot take advantage of the Production Tax Credit (PTC) unless the energy generated from that project is sold to a third party. Distributed generation is designed to be consumed on-site and is seldom sold to a third party and PTCs are not generally available to small wind project developers. The PTC can only be used to offset passive income. Large, institutional investors are different because they routinely realize significant passive income that can be offset by a PTC. Many potential investors in small, community or distributed wind projects have inadequate or no passive income. Consequently they are precluded from taking advantage of this tax credit. This reality makes the ITC much more attractive and valuable to the distributed wind industry. Local economies and communities can fully realize the significant multiplier effect of small, distributed wind projects and minimize any concerns for new wind projects by developing a broad pool of local investors. The ITC is ideal for them. If they are unable to utilize the PTC and the ITC is allowed to expire, local and personal investor support will not materialize. Projects won't get done. Jobs will be lost as will the incentive for young people to pursue a career in the many wind energy fields.
5. Land-based wind power need the ITC renewed as a matter of fairness vs. photovoltaic projects.
6. The ITC is currently available to solar photovoltaic projects of any size through 2016 and are widely used in distributed applications. It is a matter of parity to extend the ITC for land-based wind power thru 2016.
7. Extending the ITC for wind through 2016 creates a level playing field among competing renewable technologies and allows the customer to determine the optimal technology selection for a given site.

I respectfully urge the House Ways and Means Committee to immediately approve § 48 ITC election through 2016 for all sizes of wind power projects. Please then send the full House of Representatives such legislation that would immediately extend the ITC. An ITC extension would maintain a level playing field among competing renewable energy technologies. It will provide business certainty to the smaller segments of the wind energy industry. They are generally unable to utilize the PTC. Taking such positive action will enable those smaller segments of the wind energy industry to continue to deploy clean, renewable, home-grown energy. Such action by you will support the use of American made equipment, to drive economic growth and seriously-needed job creation in communities across the country. Thank you.

Sincerely,

Dan McGuire, Consultant